

Steven J. Pitterle
Director - Negotiations
Network Services



600 Hidden Ridge HQE03B67
P.O. Box 152092
Irving, Texas 75038

Phone 972/718-1333
Fax 972/718-1279
steve.pitterle@verizon.com

June 26, 2002

Mr. Michael Duke
Director of Government Affairs
KMC Telecom V, Inc.
1755 North Brown Road
Lawrenceville, GA 30043

Re: Requested Adoption Under Section 252(i) of the TA96

Dear Mr. Duke:

Verizon New England Inc., d/b/a Verizon Massachusetts, f/k/a New England Telephone and Telegraph Company, d/b/a Bell Atlantic - Massachusetts ("Verizon"), a New York corporation, with principal place of business at 185 Franklin Street, Boston, MA 02110, has received your letter stating that, under Section 252(i) of the Telecommunications Act of 1996 (the "Act"), KMC Telecom V, Inc. ("KMC"), a Delaware corporation, with principal place of business at 1545 Route 206, Bedminster, NJ 07921, wishes to adopt the terms of the Interconnection Agreement between Level 3 Communications, LLC ("Level 3") and Verizon that was approved by the Massachusetts Department of Telecommunications and Energy (the "Commission") as an effective agreement in the Commonwealth of Massachusetts, as such agreement exists on the date hereof after giving effect to operation of law (the "Terms"). I understand KMC has a copy of the Terms. Please note the following with respect to KMC's adoption of the Terms.

1. By KMC's countersignature on this letter, KMC hereby represents and agrees to the following three points:
 - (A) KMC adopts (and agrees to be bound by) the Terms of the Level 3/Verizon agreement for interconnection as it is in effect on the date hereof after giving effect to operation of law, and in applying the Terms, agrees that KMC shall be substituted in place of Level 3 Communications, LLC and Level 3 in the Terms wherever appropriate.

- (B) Notice to KMC and Verizon as may be required under the Terms shall be provided as follows:

To: KMC Telecom V, Inc.
Attention: Mr. Michael Duke
Director of Government Affairs
1755 North Brown Road
Lawrenceville, GA 30043
Telephone number: 678-985-6266
FAX number: 678-985-6213

To Verizon:

Director-Contract Performance & Administration
Verizon Wholesale Markets
600 Hidden Ridge
HQEWMNOTICES
Irving, TX 75038
Telephone Number: 972-718-5988
Facsimile Number: 972-719-1519
Internet Address: wmnotices@verizon.com

with a copy to:

Vice President and Associate General Counsel
Verizon Wholesale Markets
1515 N. Court House Road
Suite 500
Arlington, VA 22201
Facsimile: 703-351-3664

- (C) KMC represents and warrants that it is a certified provider of local telecommunications service in the Commonwealth of Massachusetts, and that its adoption of the Terms will cover services in the Commonwealth of Massachusetts only.
2. KMC's adoption of the Level 3 Terms shall become effective on May 31, 2002. Verizon shall file this adoption letter with the Commission promptly upon receipt of an original of this letter countersigned by an authorized officer of KMC. The term and termination provisions of the Level 3/Verizon agreement shall govern KMC's adoption of the Terms. The adoption of the Terms is currently scheduled to expire on September 30, 2002.
 3. As the Terms are being adopted by you pursuant to your statutory rights under section 252(i), Verizon does not provide the Terms to you as either a voluntary or negotiated agreement. The filing and performance by Verizon of the Terms does not in any way constitute a waiver by Verizon of any position as to the Terms or a portion thereof, nor does it constitute a waiver by Verizon of all rights and

remedies it may have to seek review of the Terms, or to seek review in any way of any provisions included in these Terms as a result of KMC's 252(i) election.

4. Nothing herein shall be construed as or is intended to be a concession or admission by Verizon that any provision in the Terms complies with the rights and duties imposed by the Act, the decisions of the FCC and the Commissions, the decisions of the courts, or other law, and Verizon expressly reserves its full right to assert and pursue claims arising from or related to the Terms.
5. Verizon reserves the right to deny KMC's adoption and/or application of the Terms, in whole or in part, at any time:
 - (a) when the costs of providing the Terms to KMC are greater than the costs of providing them to Level 3;
 - (b) if the provision of the Terms to KMC is not technically feasible; and/or
 - (c) to the extent that Verizon otherwise is not required to make the Terms available to KMC under applicable law.
6. For avoidance of doubt, please note that adoption of the Terms will not result in reciprocal compensation payments for Internet traffic. Verizon has always taken the position that reciprocal compensation was not due to be paid for Internet traffic under section 251(b)(5) of the Act. Verizon's position that reciprocal compensation is not to be paid for Internet traffic was confirmed by the FCC in the Order on Remand and Report and Order adopted on April 18, 2001 ("*FCC Internet Order*"), which held that Internet traffic constitutes "information access" outside the scope of the reciprocal compensation obligations set forth in section 251(b)(5) of the Act.¹ Accordingly, any compensation to be paid for Internet traffic will be handled pursuant to the terms of the *FCC Internet Order*, not pursuant to adoption of the Terms.² Moreover, in light of the *FCC Internet Order*, even if the Terms include provisions invoking an intercarrier compensation mechanism for Internet traffic, any reasonable amount of time permitted for adopting such provisions has expired under the FCC's rules implementing section 252(i) of the Act.³ In fact, the *FCC Internet Order* made clear that carriers may not adopt provisions of an existing interconnection agreement to the extent that such provisions provide compensation for Internet traffic.⁴

¹ Order on Remand and Report and Order, In the Matters of: Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68 (rel. April 27, 2001) ("*FCC Remand Order*") ¶44, *remanded*, *WorldCom, Inc. v. FCC*, No. 01-1218 (D.C. Cir. May 3, 2002). Although the D.C. Circuit remanded the *FCC Remand Order* to permit the FCC to clarify its reasoning, it left the order in place as governing federal law. *See WorldCom, Inc. v. FCC*, No. 01-1218, slip op. at 5 (D.C. Cir. May 3, 2002).

² For your convenience, an industry letter distributed by Verizon explaining its plans to implement the *FCC Internet Order* can be viewed at Verizon's Customer Support Website at URL www.verizon.com/wise (select Verizon East Customer Support, Resources, Industry Letters, CLEC).

³ *See, e.g.*, 47 C.F.R. Section 51.809(c).

⁴ *FCC Internet Order* ¶ 82.

7. Should KMC attempt to apply the Terms in a manner that conflicts with paragraphs 3-6 above, Verizon reserves its rights to seek appropriate legal and/or equitable relief.
8. In the event that a voluntary or involuntary petition has been or is in the future filed against KMC under bankruptcy or insolvency laws, or any law relating to the relief of debtors, readjustment of indebtedness, debtor reorganization or composition or extension of debt (any such proceeding, an “Insolvency Proceeding”), then: (i) all rights of Verizon under such laws, including, without limitation, all rights of Verizon under 11 U.S.C. § 366, shall be preserved, and KMC’s adoption of the Verizon Terms shall in no way impair such rights of Verizon; and (ii) all rights of KMC resulting from KMC’s adoption of the Verizon terms shall be subject to and modified by any Stipulations and Orders entered in the Insolvency Proceeding, including, without limitation, any Stipulation or Order providing adequate assurance of payment to Verizon pursuant to 11 U.S.C. § 366.

Please arrange for a duly authorized representative of KMC to sign this letter in the space provided below and return it to the undersigned.

Sincerely,

VERIZON NEW ENGLAND INC.,
D/B/A VERIZON MASSACHUSETTS

Steven J. Pitterle
Director – Negotiations
Network Services

Reviewed and countersigned as to points A, B, and C of paragraph 1 only. KMC notes, however, that the “wherever appropriate” language in point A of paragraph 1 (which limits the substitution of KMC for Level 3 to appropriate instances in the agreement Terms) specifically references, but is not limited to, Schedule 4.0, NETWORK INTERCONNECTION SCHEDULE. As such, the Level 3 interconnection points identified in that Schedule 4.0 have no relevance to the Verizon/KMC Agreement that results from KMC’s adoption of the Level 3/Verizon Agreement Terms. KMC agrees that its adoption of the Level 3 Terms shall become effective on May 31, 2002, as specified in paragraph 2, above. KMC notes, however, its disagreement with several of the assertions contained in paragraphs 2-8 above, and reserves all rights to seek appropriate legal, regulatory and/or equitable relief should Verizon attempt to apply the Terms in a manner that conflicts with applicable laws, rules and regulations.

KMC TELECOM V, INC.

(SIGNATURE)

(PRINT NAME)

c: R. Ragsdale – Verizon